



Director of
Central
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National Intelligence Daily (Cable)

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SITUATION REPORT

IRAN

// A representative of Mehdi Bazargan, leader of the Liberation Movement of Iran, told US diplomats yesterday that Bazargan expects Prime Minister Bakhtiar will transfer power to Khomeini's Islamic Revolutionary Council after Khomeini announces its composition, probably today or tomorrow. Bazargan believes, the representative added, that Khomeini will return possibly within two weeks. // [REDACTED]

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We do not know if Bakhtiar or Khomeini endorse Bazargan's scenario for this orderly transfer of power. Bazargan enjoys Khomeini's trust [REDACTED]

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// If Bakhtiar is willing to cede power to Khomeini along the lines Bazargan has outlined, the key question will be the attitude of the military leaders. [REDACTED]

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Separatist Unrest

A weakening of the central government in Iran has historically been followed by separatist moves among the country's minorities. So far we have not had any indication that major unrest is developing in the outlying provinces, but significant upheavals are likely if the crisis continues indefinitely. Unrest among the minorities like the Kurds and the Baluchis would offer outside powers an opportunity to intervene. [REDACTED]

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BRIEFS AND COMMENTS

USSR-IRAN: Treaty of 1921

Recent Soviet references to the Soviet-Iranian treaty of 1921 appear designed to underscore Moscow's warnings against US military involvement in Iran rather than to prepare a pretext for Soviet intervention. Article Six of the treaty, which the Iranians have long considered null and void, states that the USSR has the "right to send its army into Iran" if third countries intend to "pursue a policy of transgression in Iranian territory."

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An exchange of letters between the two governments in 1921 made it clear that the USSR would have the right to intervene militarily in Iran only to counter White Russian forces. This, however, did not prevent the USSR from invoking the treaty when it occupied northern Iran in 1941.

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A Soviet Embassy officer in Paris, in a conversation with a French Foreign Ministry official last month, stated that the treaty permitted the USSR to intervene in Iran in the event of intervention by an outside force. The French Foreign Ministry did not consider the reference to be a demarche.

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Earlier this month, an *Izvestia* article mentioned the treaty in the course of a pedestrian account of Soviet-Iranian relations. The article appeared to signal Moscow's direct interest in the outcome of the Iranian crisis and to amplify Soviet warnings against US intervention. A Soviet Foreign Ministry official remarked last week that the article was a reminder that the Soviets have interests in Iran that should be taken into account, but was not intended as a warning of possible Soviet intervention.

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The references to the treaty thus far are consistent with President Brezhnev's statement on 19 November that any interference in the affairs of a state bordering the USSR would be regarded as affecting Soviet security.

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PALESTINIANS: PNC Political Program

The 21-point program passed by the Palestine National Council yesterday breaks little new ground and maintains the PLO's hardline stance on most Middle East peace issues. Moderates won partial approval for the PLO-Jordan dialogue, but most other points reflect extremist views. [REDACTED]

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The program rejects the Camp David accords and dismisses UN Security Council Resolution 242. PLO participation in any international conference dealing with the Palestine question is authorized, however.

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A Palestinian government-in-exile is not mentioned in the program, which repeats the PNC's March 1977 call for an "independent Palestinian state" and adds the phrase "without any restriction or condition." The program praises Jordan's rejection of Camp David, supports continuing talks, cites US aggression against the Palestinian people, Soviet-Palestinian solidarity, and calls on Arab states to support the "national movement" against President Sadat. [REDACTED]

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Radicals apparently inserted language which could be interpreted as endorsing PLO guerrilla attacks into Israel from Jordan--a demand that is strongly resisted by Amman. [REDACTED]

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SOUTH KOREA - NORTH KOREA: Call for Talks

At his annual press conference today, South Korean President Pak once again called for a resumption of North - South Korean talks. The South Koreans almost certainly do not anticipate a positive response from the North; Pak, however, evidently sees his proposals as demonstrating Seoul's flexibility. Pak appealed for talks "at any time and at any levels" without preconditions. North Korea has consistently turned aside such proposals since the Seoul-Pyongyang dialogue stalled in 1973. While the North Koreans maintain that the door is open to negotiations, they insist that the South must terminate its anti-Communist laws, its "Two Koreas" policy, and the control of domestic dissent.

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CUBA-CHINA: Trade Protocol

The 1979 Cuban-Chinese trade protocol, under negotiation since November, was signed in Beijing (Peking) yesterday. The protocol is negotiated annually and is signed around this time each year. No details were provided, but we believe that total trade will approximate last year's level of about \$125 million - \$150 million. Despite their strained political relations since Cuba's large-scale military intervention in Africa in 1975, Cuba and China have continued to maintain commercial relations, albeit at a level roughly half that of the early 1970s. [REDACTED]

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Cuba-US

The US Interests Section in Havana yesterday reported its views on the formal Cuban note of the previous day protesting the overflight

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Noting the long delay in filing the protest, the routine courier delivery, and the fact that both Castros had publicly condemned the overflight, the Interests Section sees the note as pro forma, lacking any direct threat of action against future overflights. It added that President Castro's failure to make counter-threats apparently reflects his inclination, probably at Soviet urging, not to aggravate the MIG-23 controversy with the US.

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Netherlands-China

Dutch Foreign Minister Van Der Klaauw arrived in Beijing (Peking) last night, the first visit there by a Western official of his rank since the normalization of Sino-US relations and the invasion of Kampuchea. His talks with Chinese officials will cover political matters in general and prospects for economic cooperation.

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Poland

The US Embassy doubts that the 8-percent increase in the price of gasoline will have any real impact on gasoline consumption in Poland, where the automobile remains a status symbol. The government, for political reasons, is unable to boost the price to a level that would cut back consumption. The Embassy notes the persistent rumors that the government is preparing plans to ration gasoline. It also gives credence to the official explanation for the price increase--that it is a response to the recent OPEC decision to raise the world market price of oil. The Embassy comments that Soviet oil deliveries to Poland are expected to remain fixed over the next several years and that Poland thus must obtain an increasing proportion of its oil from OPEC states to meet increasing industrial and consumer demands.

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Yugoslavia-Cuba

Yugoslav Foreign Minister Vrhovec, in a speech Wednesday night at a dinner for Cuban Foreign Minister Malmierca, condemned any foreign interference in other nations' affairs and specifically referred to "hegemony," a Yugoslav codeword for Soviet domination of other countries. According to the press, Malmierca's text focused entirely on positive references to the unity and influence of the nonaligned movement.

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COMMENT: Cuba and the USSR publicly support the new regime in Phnom Penh, while the Yugoslavs have denounced the Vietnamese move into Kampuchea. Malmierca is on the first leg of a trip to several nonaligned states to make preparations for the nonaligned summit in Havana in September. Vrhovec's remarks indicate that the events in Kampuchea already have become a divisive issue in nonaligned circles.

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